

LINDA LINGLE
GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
AIRPORTS DIVISION
400 Rodgers Boulevard, Suite 700
Honolulu, Hawaii 96819-1880

BRENNON T. MORIOKA
DIRECTOR

Deputy Directors
MICHAEL D. FORMBY
FRANCIS PAUL KEENO
BRIAN H. SEKIGUCHI
JIRO A. SUMADA

IN REPLY REFER TO:

AIR-PM
08.0654

September 29, 2008

TO: (1) DIR (BRENNON T. MORIOKA)
(2) DLNR (LAURA H. THIELEN) C/O ADALINE CUMMINGS
(3) AIR-PM (ROSS SMITH)

FROM: DEP-A (BRIAN H. SEKIGUCHI) *[Signature]*

SUBJECT: LAND BOARD SUBMITTAL
ISSUANCE OF A RETAIL CONCESSION
HONOLULU INTERNATIONAL AIRPORT

Attached is the subject submittal for your approval. Please place on the next Land Board agenda.

If there are any questions, please call Ross Smith at 838-8676.

Attachment

LINDA LINGLE
GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

BRENNON T. MORIOKA
DIRECTOR

Deputy Directors
MICHAEL D. FORMBY
FRANCIS PAUL KEENO
BRIAN H. SEKIUCHI
JIRO A. SUMADA

IN REPLY REFER TO:

Board of Land and
Natural Resources
State of Hawaii
Honolulu, Hawaii

Issuance of a Retail Concession
Honolulu International Airport

Oahu

The Department of Transportation (DOT) proposes to offer a Retail Concession at the Honolulu International Airport on the Island of Oahu. The following contains a description and summary of some of the major terms and conditions that the DOT anticipates incorporating into the Concession Agreement ("Agreement"):

PURPOSE:

To award the Agreement to a qualified Concessionaire submitting the highest bid to exclusively operate the Concession at Honolulu International Airport.

LEGAL REFERENCE:

Chapter 102, Hawaii Revised Statutes, as amended.

LOCATION:

Honolulu International Airport (HNL), Terminal Building Complex.

PREMISES:

- At Commencement of the Agreement.
 - 1. Retail (Sales) Space.
 - a. Interisland Terminal Complex, Building 310 Space No. 203A, containing an area of approximately 695 square feet as shown on Exhibit B dated September 2008, attached hereto and made a part hereof.

b. Diamond Head Extension, Building 341

- (1) Space No. 202C, containing an area of approximately 178 square feet as shown on Exhibit C dated September 2008, attached hereto and made a part hereof.
- (2) Space No. 207D, containing an area of approximately 161 square feet as shown on Exhibit C dated September 2008, attached hereto and made a part hereof.
- (3) Space No. 245, containing an area of approximately 277 square feet as shown on Exhibit D dated September 2008 attached hereto and made a part hereof.
- (4) Space No. 255B, containing an area of approximately 1,049 square feet as shown on Exhibit D dated September 2008, attached hereto and made a part hereof.
- (5) Space No. 255C, containing an area of approximately 1,065 square feet as shown on Exhibit D dated September 2008, attached hereto and made a part hereof.
- (6) Space No. 255D, containing an area of approximately 1,048 square feet as shown on Exhibit D dated September 2008, attached hereto and made a part hereof.
- (7) Space No. 255E, containing an area of approximately 1,789 square feet as shown on Exhibit D dated September 2008, attached hereto and made a part hereof.

c. Waiting Lobby Building, Building 342.

- (1) Space No. 279, containing an area of approximately 2,622 square feet as shown on Exhibit E dated September 2008 attached hereto and made a part hereof.
- (2) Space No. 281A, containing an area of approximately 698 square feet as shown on Exhibit F dated September 2008 attached hereto and made a part hereof.

- (3) Space No. 281B, containing an area of approximately 981 square feet as shown on Exhibit F dated September 2008 attached hereto and made a part hereof.
 - (4) Space No. 281C, containing an area of approximately 1,133 square feet as shown on Exhibit F dated September 2008 attached hereto and made a part hereof.
 - (5) Space No. 281D, containing an area of approximately 979 square feet as shown on Exhibit F dated September 2008 attached hereto and made a part hereof.
 - (6) Space No. 281E, containing an area of approximately 1,060 square feet as shown on Exhibit F dated September 2008 attached hereto and made a part hereof.
 - (7) Space No. 282, containing an area of approximately 2,903 square feet as shown on Exhibit F dated September 2008 attached hereto and made a part hereof.
 - (8) Space No. 220C1, containing an area of approximately 429 square feet as shown on Exhibit F dated September 2008 attached hereto and made a part hereof.
- d. Ewa Extension Domestic Building, Building 344.
- (1) Space No. 208C, containing an area of approximately 555 square feet as shown on Exhibit G dated September 2008 attached hereto and made a part hereof.
 - (2) Space No. 208D, containing an area of approximately 258 square feet as shown on Exhibit G dated September 2008 attached hereto and made a part hereof.
 - (3) Space No. 245, containing an area of approximately 6,313 square feet as shown on Exhibit G dated September 2008 attached hereto and made a part hereof.
 - (4) Space No. 278A, containing an area of approximately 728 square feet as shown on Exhibit H dated September 2008 attached hereto and made a part hereof.

- (5) Space No. 295A, containing an area of approximately 768 square feet as shown on Exhibit H dated September 2008 attached hereto and made a part hereof.
 - (6) Space No. 295B, containing an area of approximately 450 square feet as shown on Exhibit H dated September 2008 attached hereto and made a part hereof.
- e. International Arrivals Building, Building 346, Space No. 269A, containing an area of approximately 450 square feet as shown in Exhibit I dated September 2008 attached hereto and made a part hereof.
- f. Central Concourse, Building 350.
 - (1) Space No. 217, containing an area of approximately 544 square feet as shown on Exhibit J dated September 2008 attached hereto and made a part hereof.
 - (2) Space No. 218A, containing an area of approximately 919 square feet as shown on Exhibit J dated September 2008 attached hereto and made a part hereof.
 - (3) Space No. 247, containing an area of approximately 350 square feet as shown on Exhibit J dated September 2008 attached hereto and made a part hereof.
 - (4) Space No. 248, containing an area of approximately 539 square feet as shown on Exhibit J dated September 2008 attached hereto and made a part hereof.
 - (5) Space No. 249A, containing an area of approximately 554 square feet as shown on Exhibit J dated September 2008 attached hereto and made a part hereof.
- g. Ewa Concourse, Building 360.
 - (1) Space No. 261, containing an area of approximately 355 square feet as shown on Exhibit K dated September 2008 attached hereto and made a part hereof.

- (2) Space No. 262, containing an area of approximately 800 square feet as shown on Exhibit K dated September 2008 attached hereto and made a part hereof.
- h. Diamond Head Connecting Link, Building 363, Space No. 218A, containing an area of approximately 596 square feet as shown on Exhibit L dated September 2008 attached hereto and made a part hereof.
- i. Diamond Head Concourse, Building 373.
 - (1) Space No. 264, containing an area of approximately 148 square feet as shown on Exhibit M dated September 2008 attached hereto and made a part hereof.
 - (2) Space No. 265, containing an area of approximately 132 square feet as shown on Exhibit M dated September 2008 attached hereto and made a part hereof.
- 2. Storage (Non-Sales) Space. Ewa Concourse, Building 360, Space No. 207C containing an area of approximately 412 square feet as shown on Exhibit N dated September 2008 attached hereto and made a part hereof.

- During the Term of the Concession Agreement.

The DOT may, at the DOT's sole discretion, require or permit the Concessionaire to add additional spaces.

If the Concessionaire requests and the DOT, at its sole discretion, agree to make available additional space over and above the spaces initially allocated under the Agreement, the Concessionaire shall pay for such additional space as follows:

- 1. floor rent equal to the square footage of such additional space multiplied by the rates and charges applicable to such additional space as established by the DOT; and
- 2. the gross receipts received or realized by the Concessionaire from or otherwise attributable to such additional space shall be included in the percentage fee obligation payable by the Concessionaire under the Agreement.

If the DOT, at its sole discretion, requires the Concessionaire to take or use additional space over and above the space initially allocated under the Agreement, the Concessionaire shall not be obligated to pay floor rent for such space but shall include the gross receipts received or realized by the Concessionaire from or otherwise attributable to such additional space in the percentage fee obligation payable by the Concessionaire under the Agreement.

ZONING:

Land Use: Urban
County: Industrial (I-2)

TAX MAP KEY:

Honolulu International Airport, Island of Oahu, Hawaii
1st Division – 1-1-03:Portion of 1

LAND STATUS:

Section 5(a), Hawaii Admission Act – Ceded and Non-Ceded
DHHL 30% entitlement lands Yes___ No X

TERM:

Five (5) years, commencing on April 1, 2009 and ending on March 31, 2014.

CONCESSION FEE:

1. Annual Concession Fee. The total annual Concession Fee shall be the greater of the following:
 - a. Minimum Annual Guaranteed Fee. The minimum annual guaranteed fee for the entire year of the term of this Concession Agreement, as set forth in the Concessionaire's Bid Proposal (hereafter the "MAG"); or
 - b. Percentage Fee. Twenty per cent (20%) of the Concessionaire's annual gross receipts generated from, related or attributable to, or connected with the sale of authorized merchandise.

A DBE minimum participation goal of fifteen percent (15%) will be used to meet the latest DBE regulations of the FAA, U.S. Department of Transportation.

IMPROVEMENTS:

The Concessionaire will be required to invest a minimum total of \$1,500,000.00 for improvements, certain fixtures and equipment on or within the premises of the spaces assigned under the Concession Agreement in accordance with DOT and county building standards. The DOT may establish separate minimum investment amounts for improvements, store fixtures and equipment applicable to any space added over and above the spaces initially allocated in the Agreement.

BASIS OF AWARD:

The award of the Concession Agreement will be to the highest responsible bidder, based upon the total amount of the MAG bid for the five-(5) year term of the Concession Agreement, which has also met or exceeded the DBE goal, qualifications and requirements.

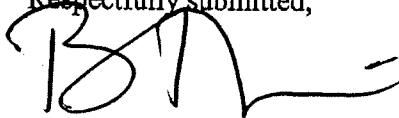
REMARKS:

The Retail Concession is an important revenue source for the DOT's airport system and an amenity that is welcomed by both inter-island and overseas travelers. The new Concession Agreement is a part of DOT's plan to continually improve its concession program and airport terminal operations to enhance the airport experience for travelers.

RECOMMENDATION:

That the Board authorize the call for sealed bid tenders and issuance of a new Retail Concession as hereinabove outlined, subject to (1) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (2) review and approval of the Department of the Attorney General as to the lease form and content.

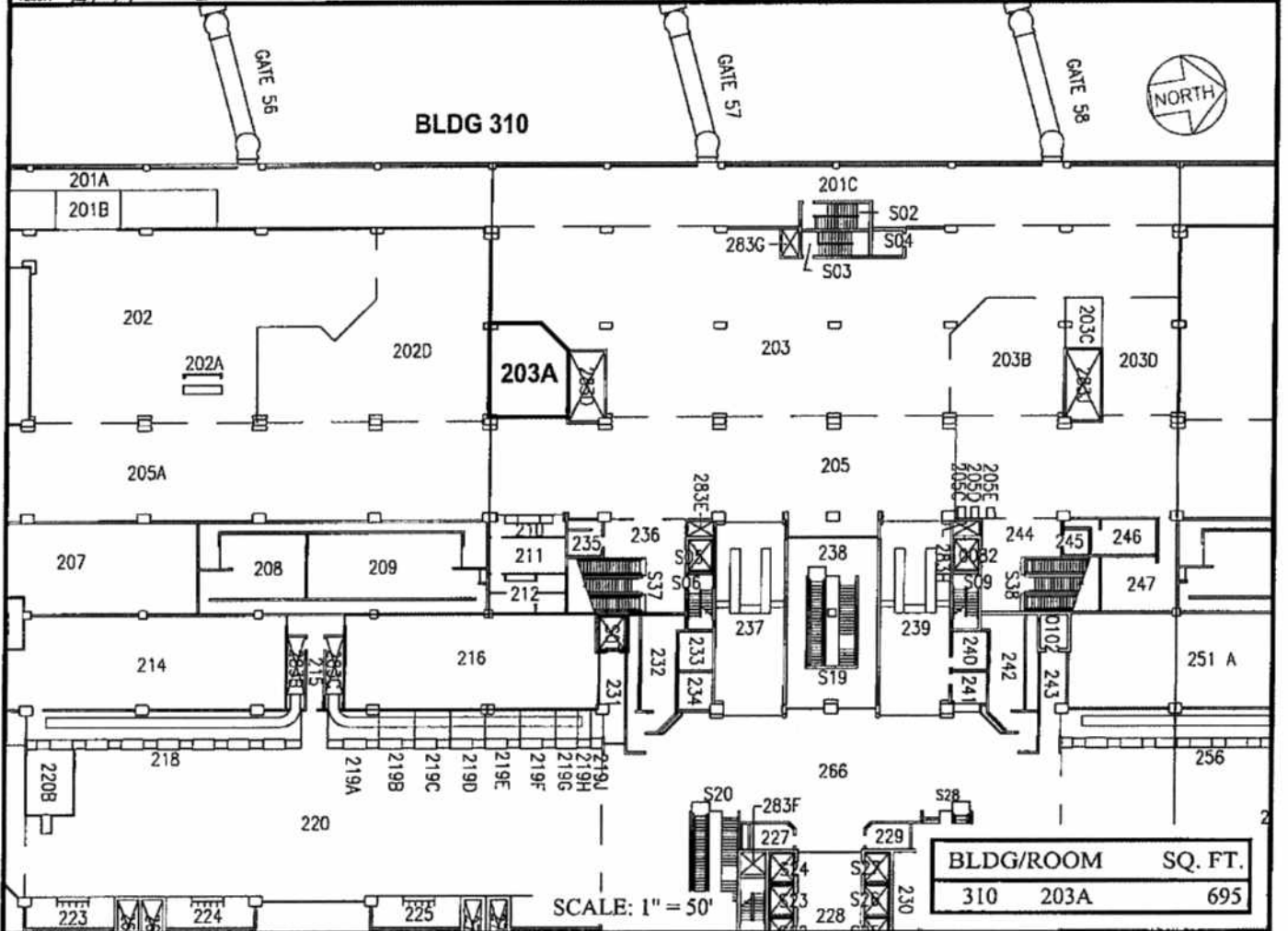
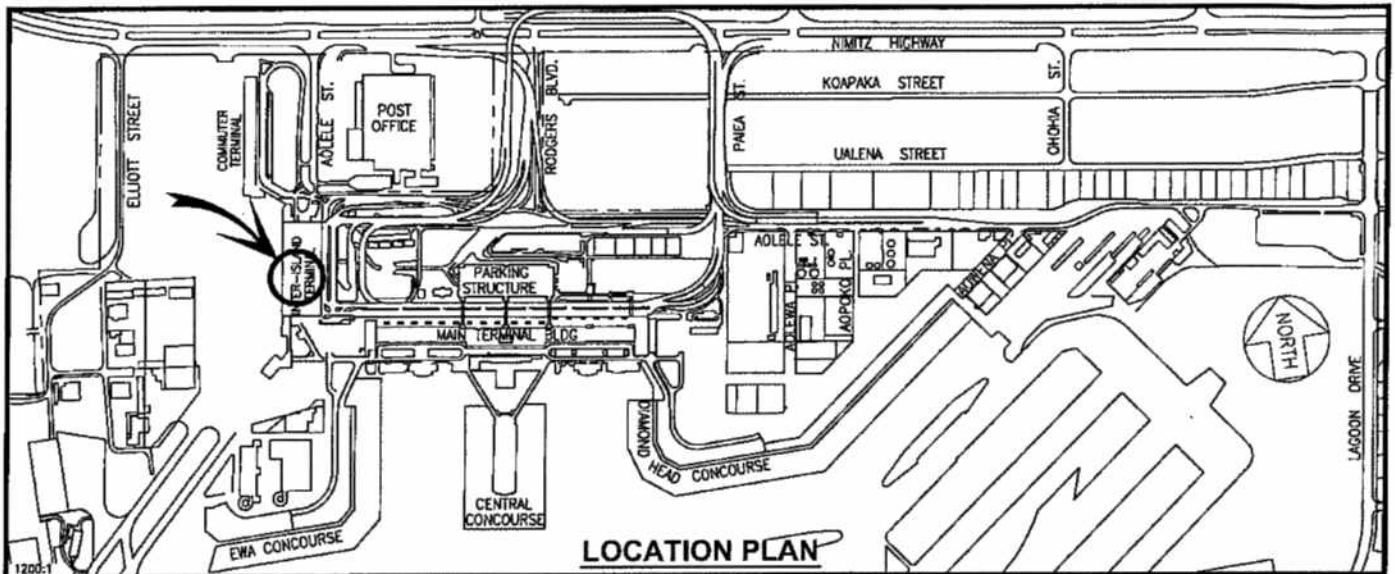
Respectfully submitted,



BRENNON T. MORIOKA, Ph.D., P.E.
Director of Transportation

APPROVED FOR SUBMITTAL:

LAURA H. THIELEN
Chairperson and Member



DATE : SEPTEMBER 2008

EXHIBIT: **B**



Airports Division

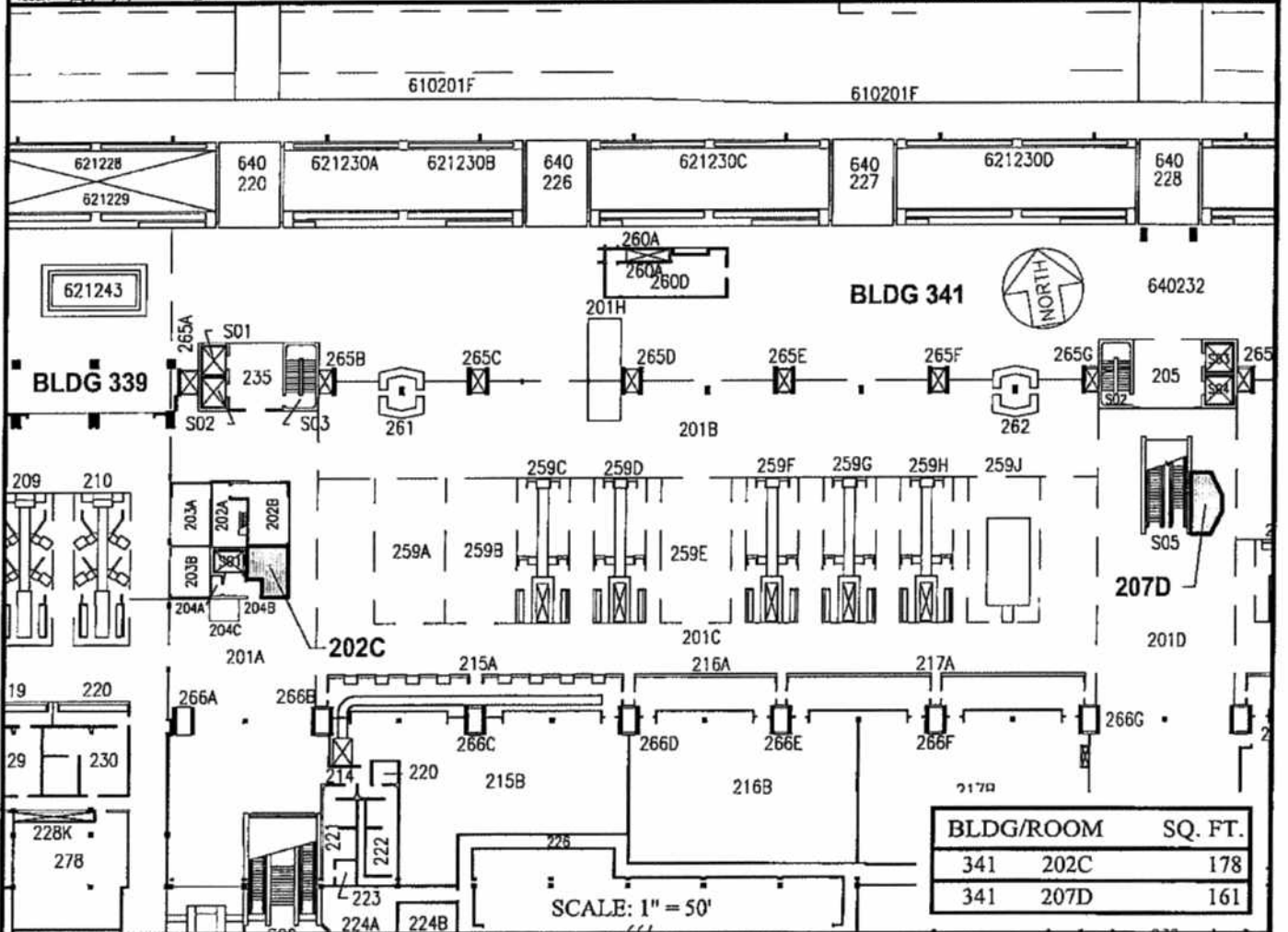
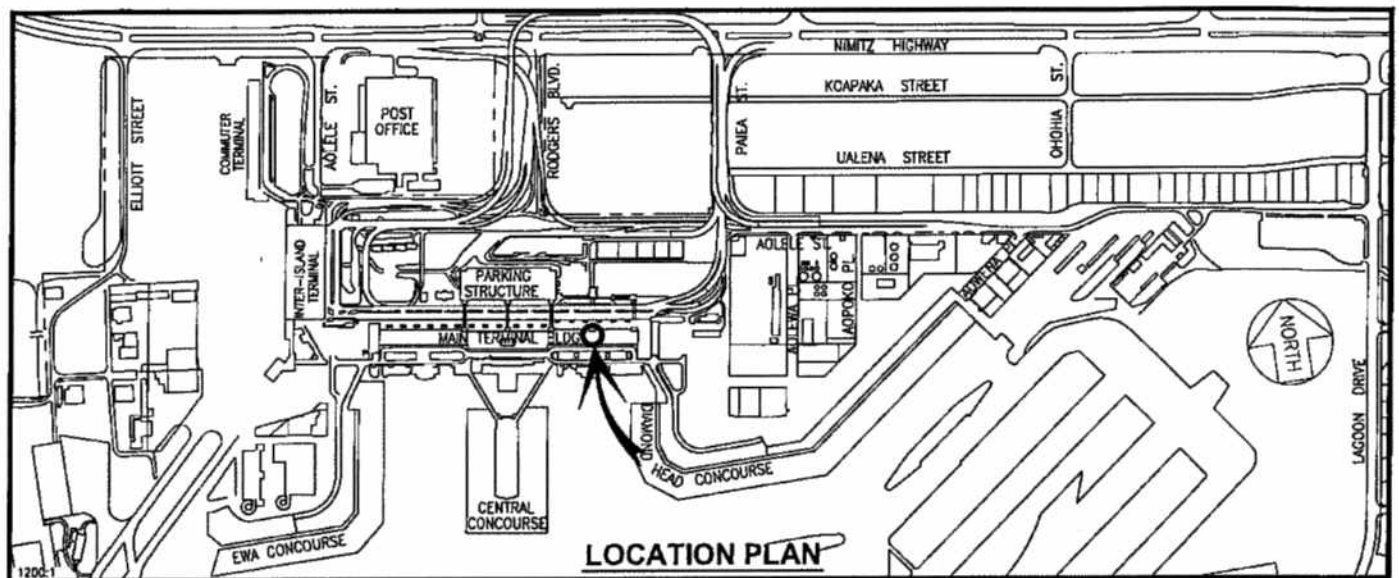
RETAIL
CONCESSION

BUILDING 310
INTER-ISLAND TERMINAL
SECOND LEVEL

310203A
PLAT E1

HONOLULU INTERNATIONAL AIRPORT

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DATE : SEPTEMBER 2008

EXHIBIT: **C**



Airports Division

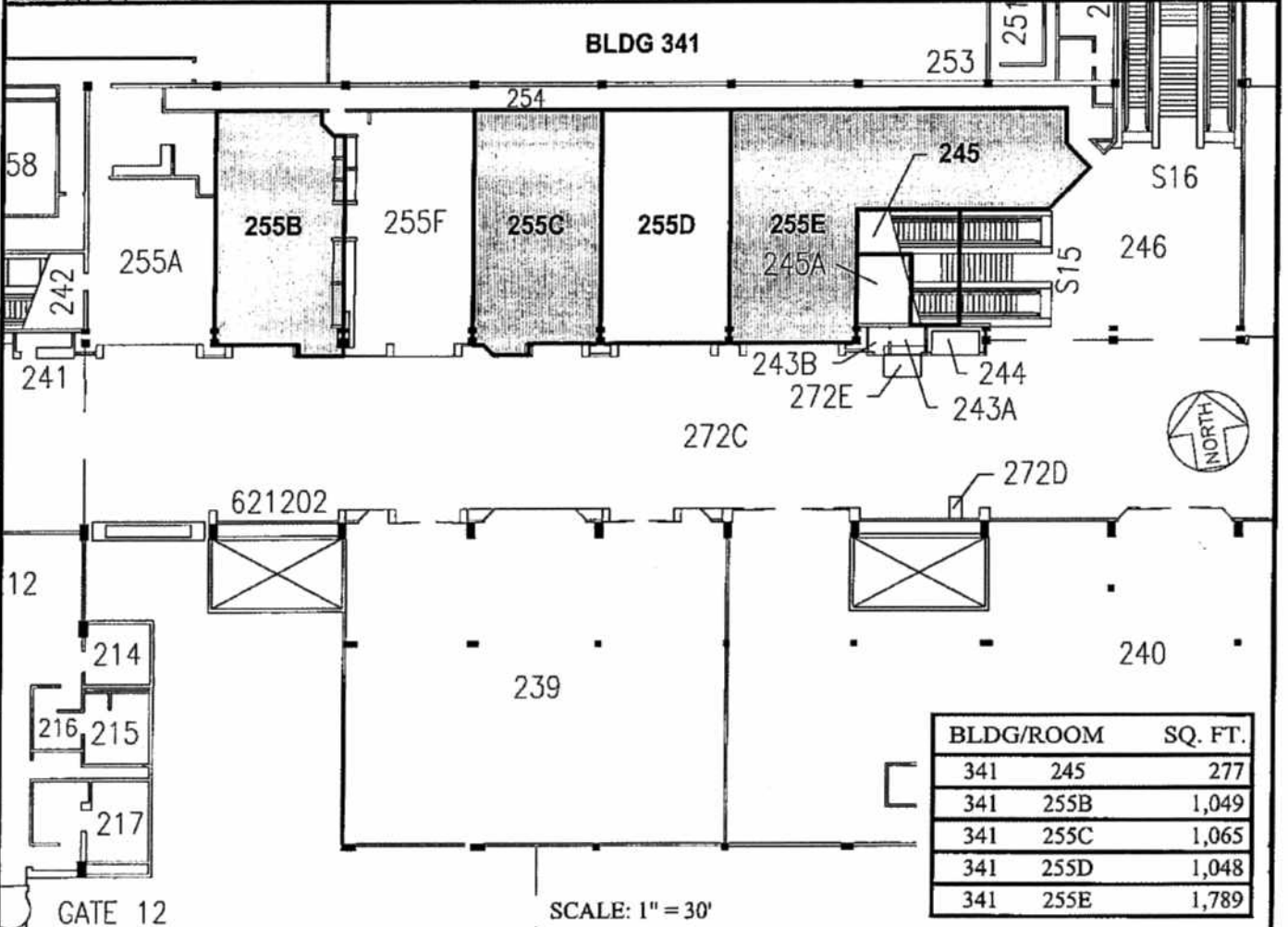
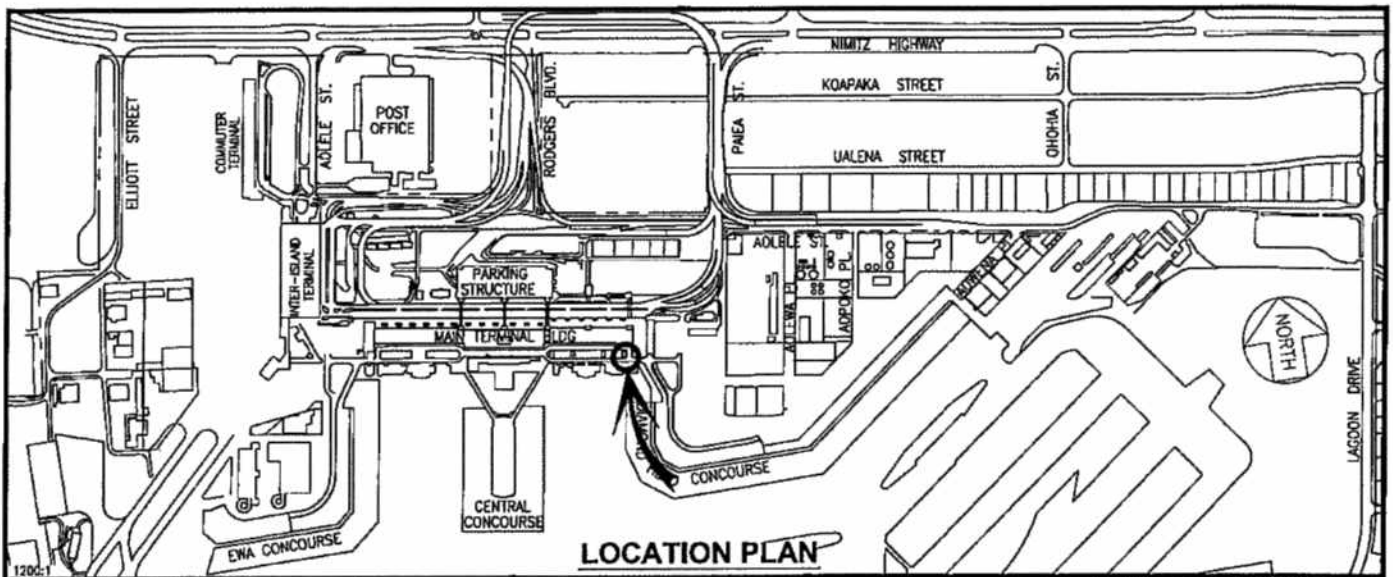
RETAIL CONCESSION

BUILDING 341
DIAMOND HEAD EXTENSION
SECOND LEVEL

341202C
341207D
PLAT C2


HONOLULU INTERNATIONAL AIRPORT

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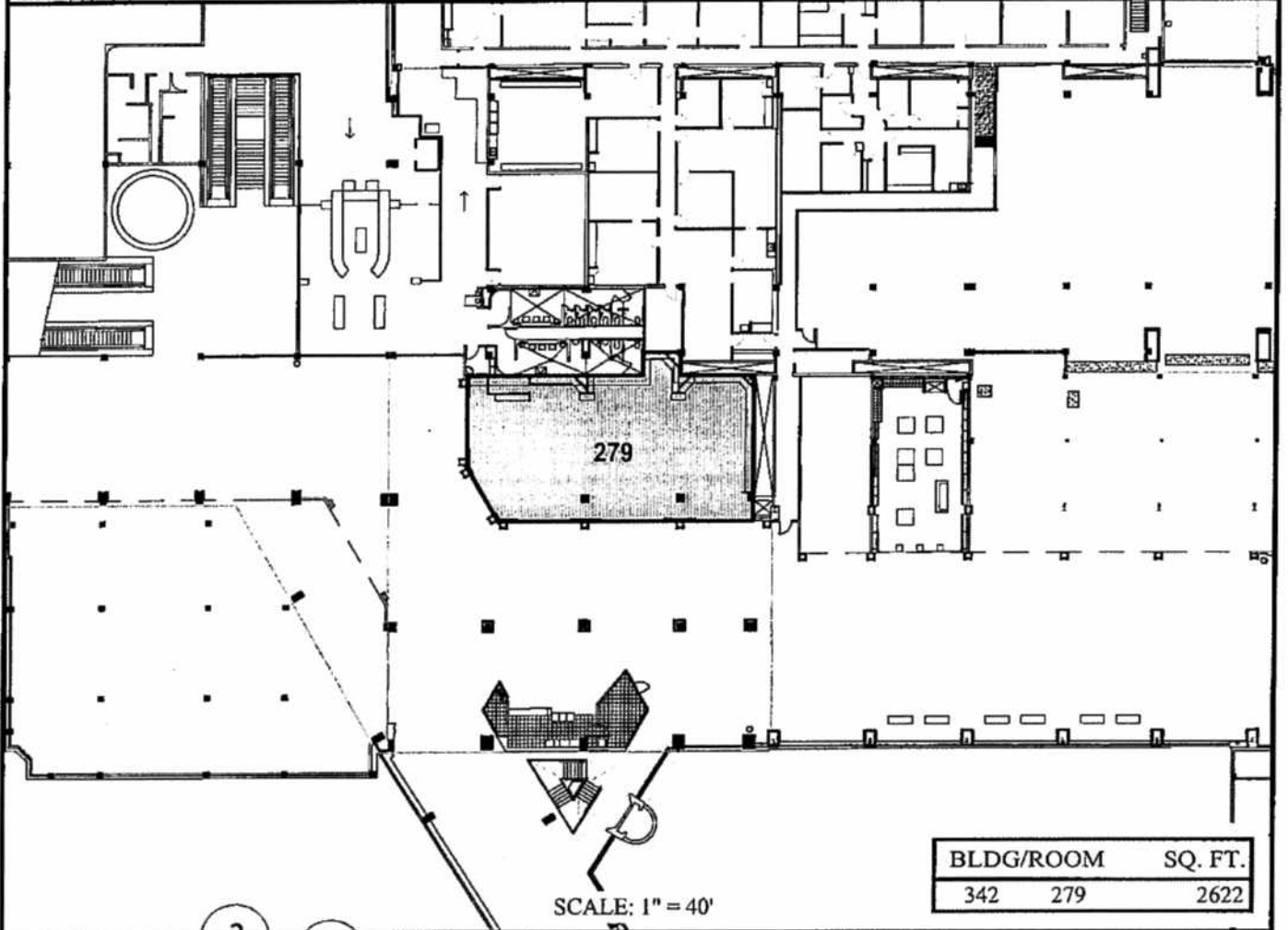
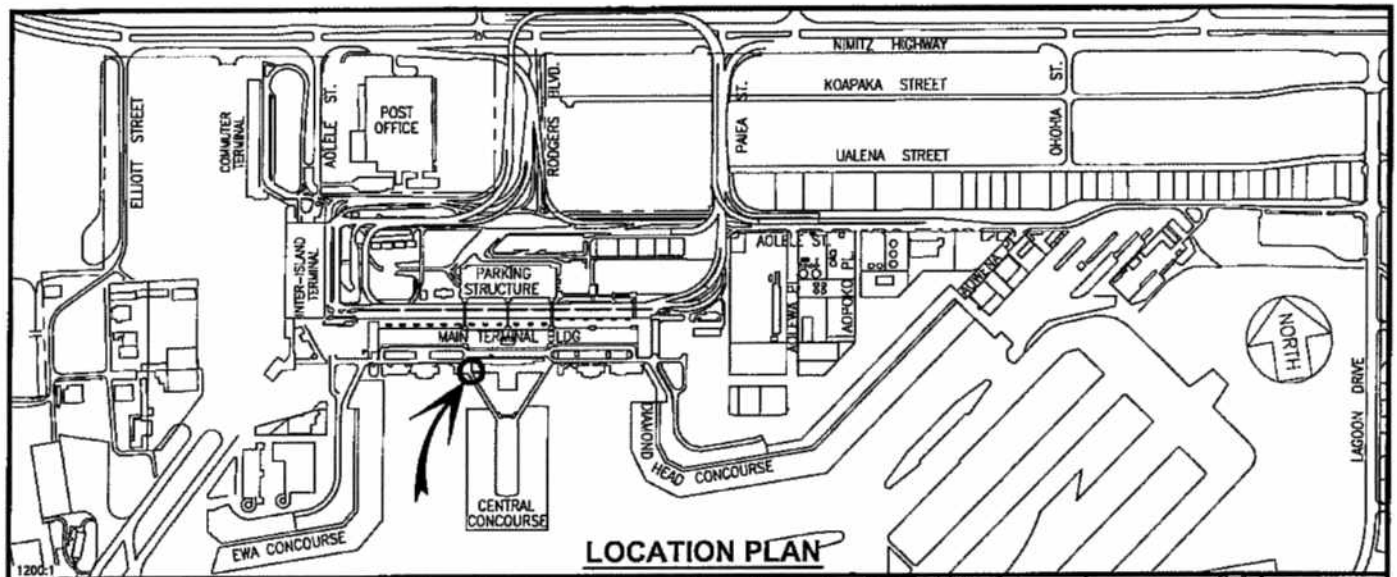
DATE : SEPTEMBER 2008

EXHIBIT: **D**

 <p>Airports Division</p>	<p>RETAIL CONCESSION</p>	<p>BUILDING 341 DIAMOND HEAD EXTENSION SECOND LEVEL</p>	<p>341245 341207B-E PLAT C2</p>
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HONOLULU INTERNATIONAL AIRPORT



DATE : SEPTEMBER 2008

EXHIBIT:

E



Airports Division

RETAIL CONCESSION

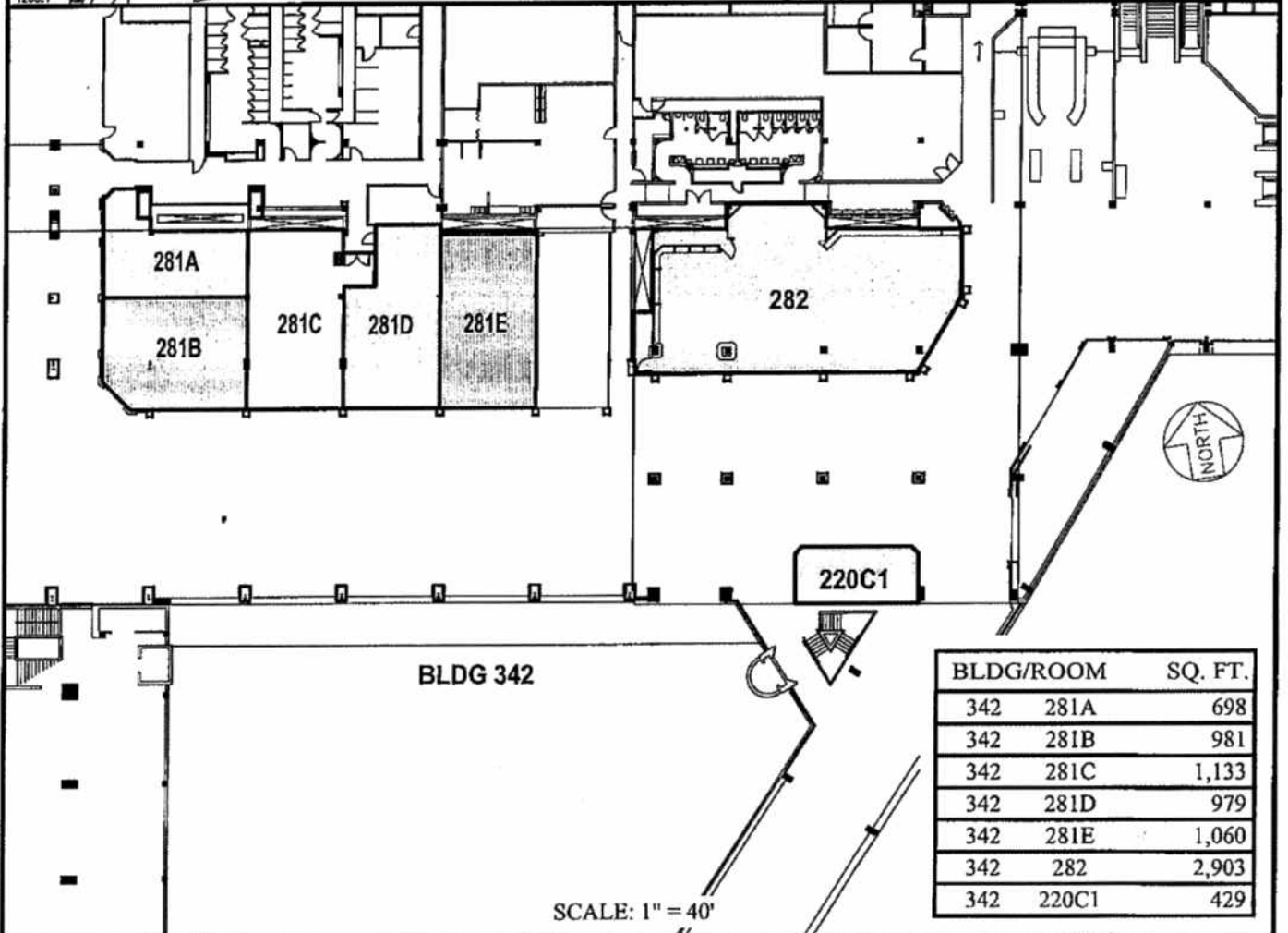
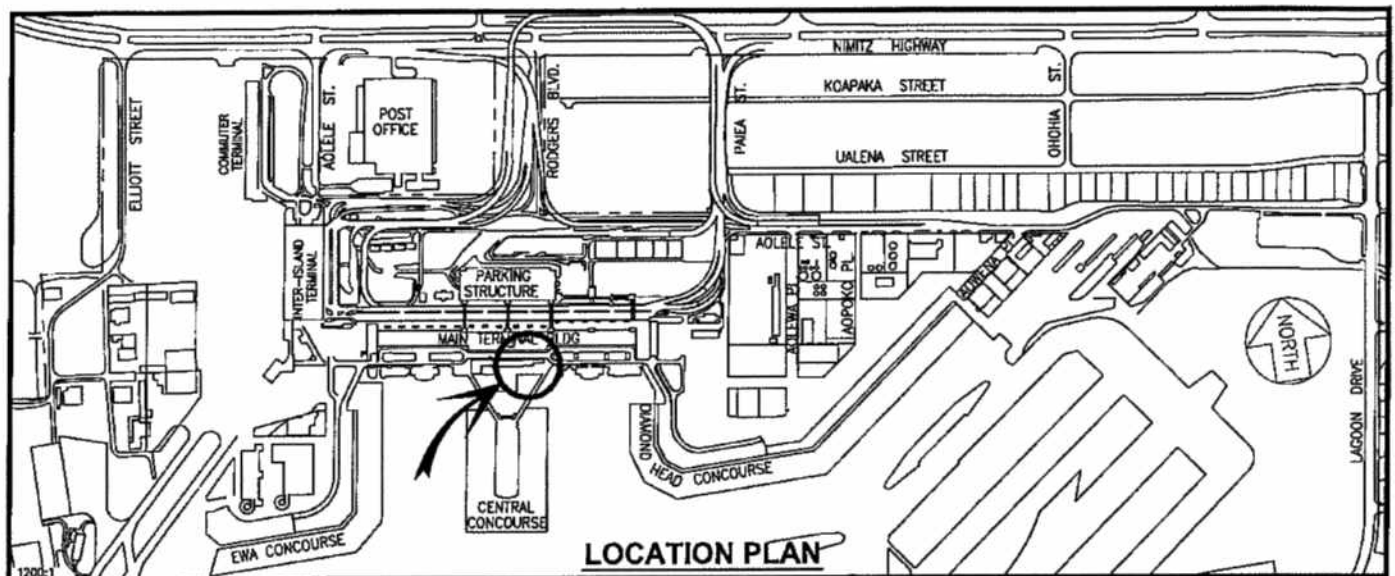
BUILDING 342
WAITING LOBBY
SECOND LEVEL

342279

PLAT A2

HONOLULU INTERNATIONAL AIRPORT

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DATE : SEPTEMBER 2008

EXHIBIT: F



Airports Division

RETAIL CONCESSION

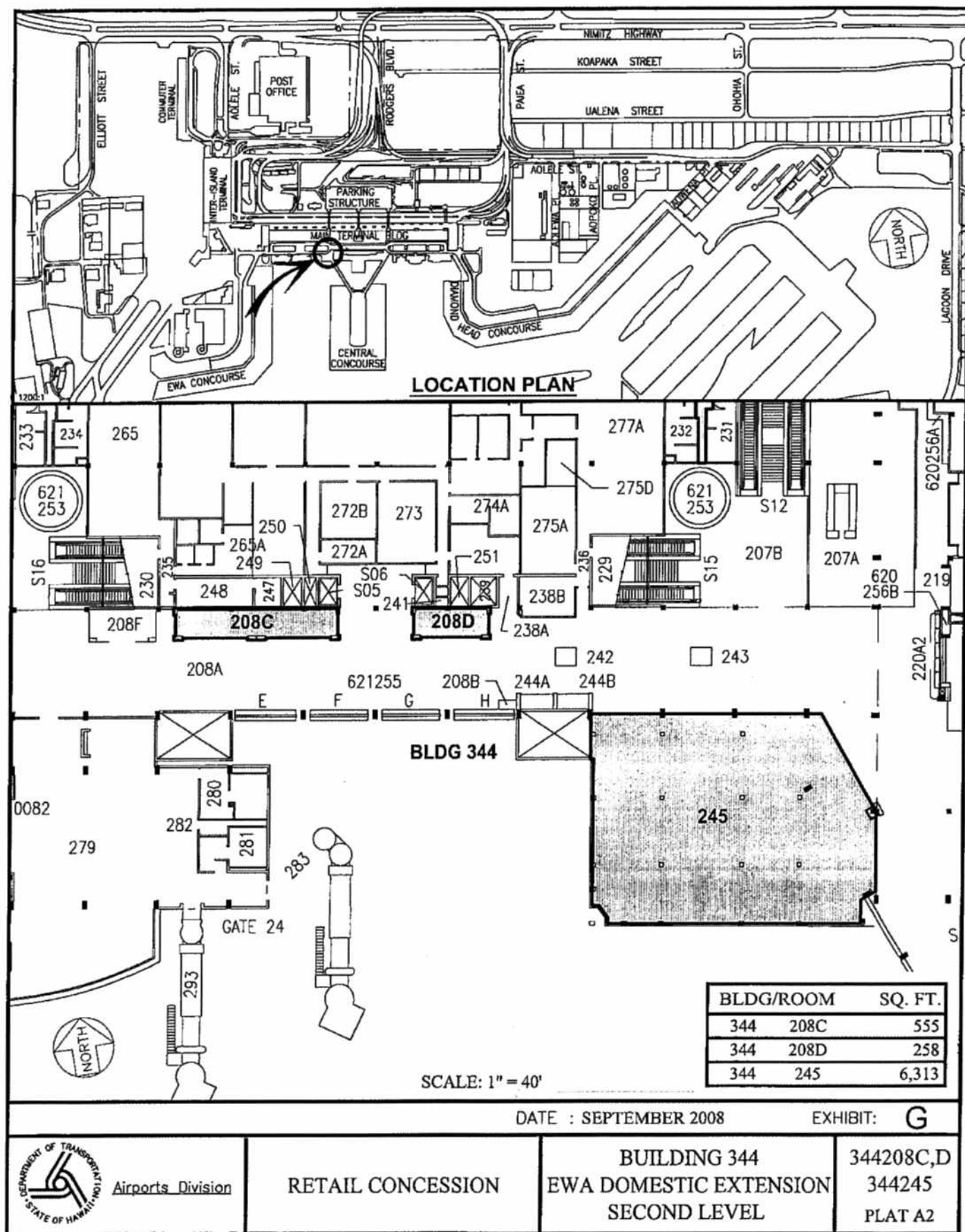
BUILDING 342
WAITING LOBBY
SECOND LEVEL

342281A-E
342282,220C1

PLAT A2

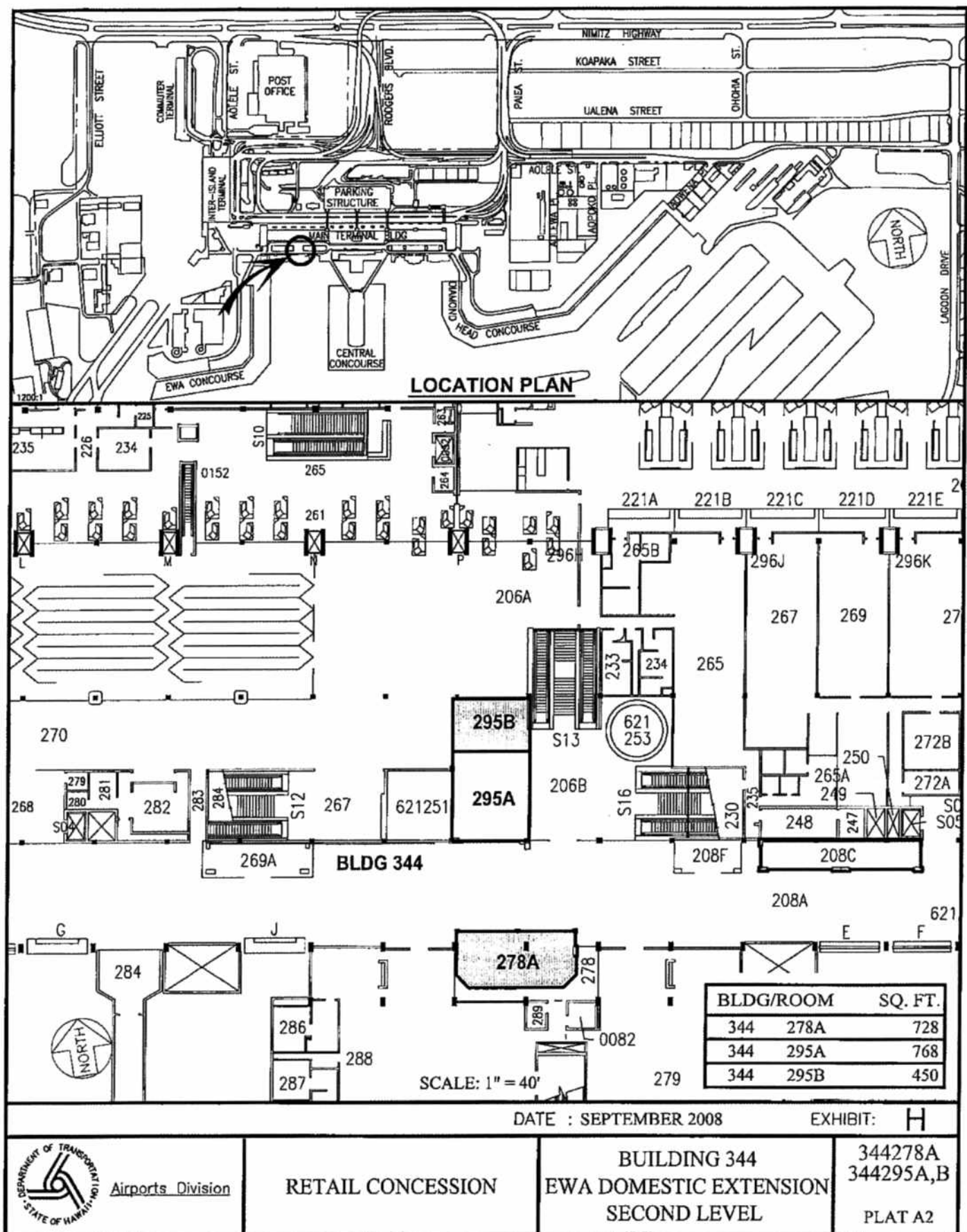
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HONOLULU INTERNATIONAL AIRPORT



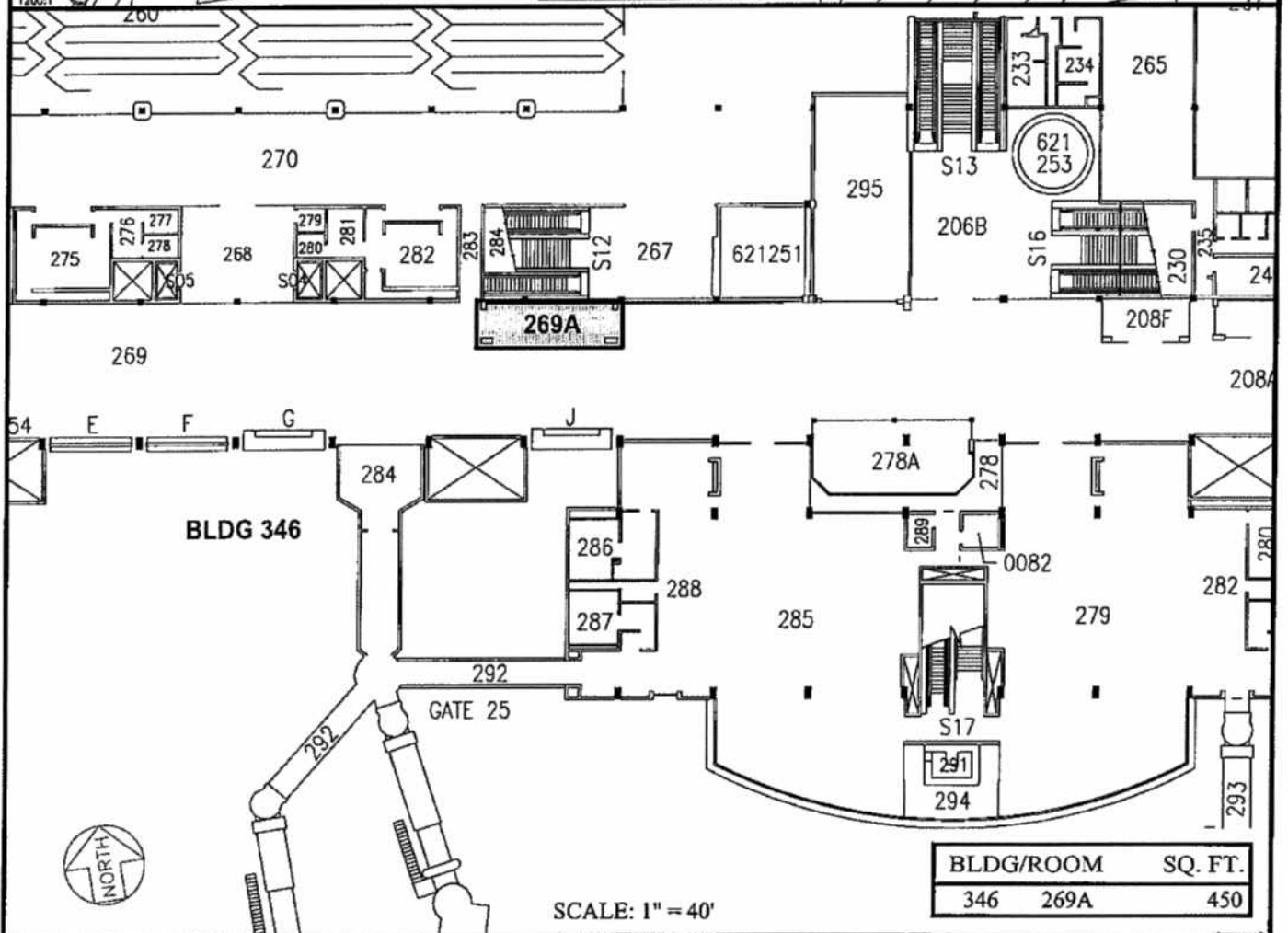
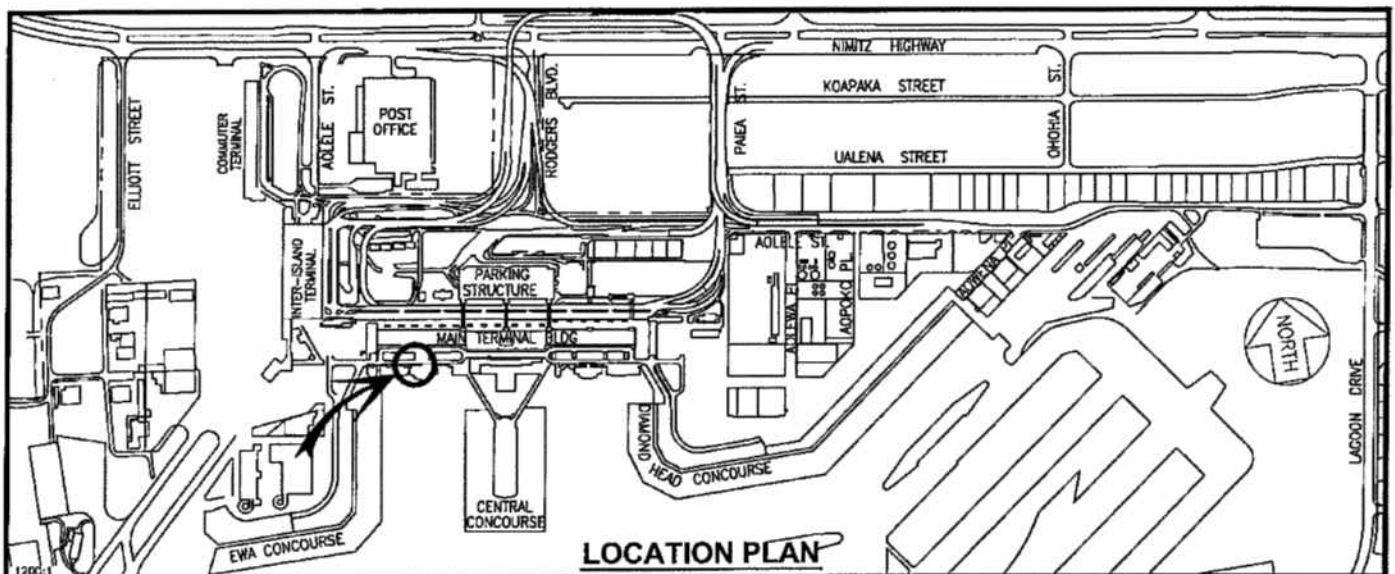
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HONOLULU INTERNATIONAL AIRPORT



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HONOLULU INTERNATIONAL AIRPORT



DATE : SEPTEMBER 2008

EXHIBIT: 1



Airports Division

RETAIL CONCESSION

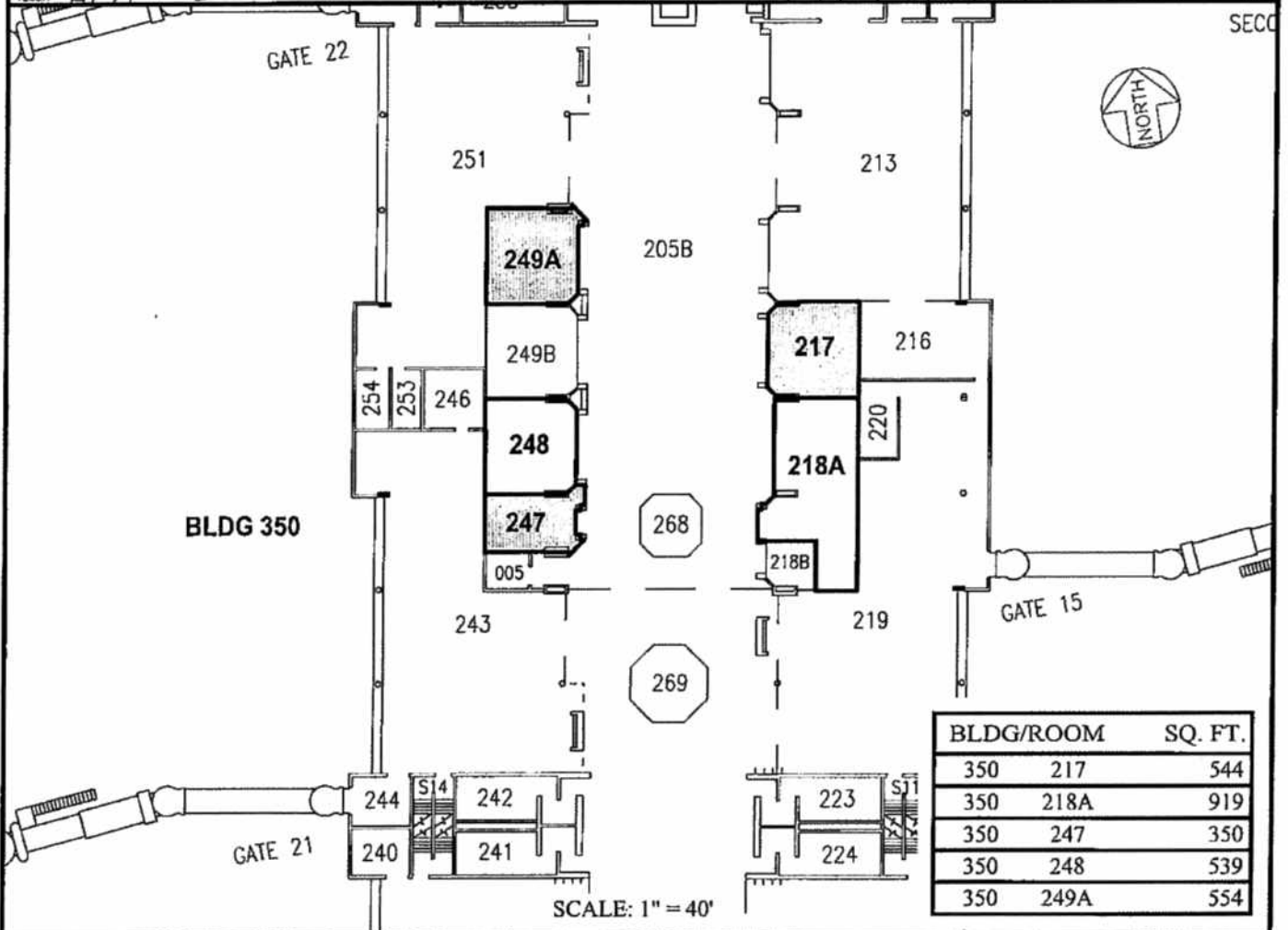
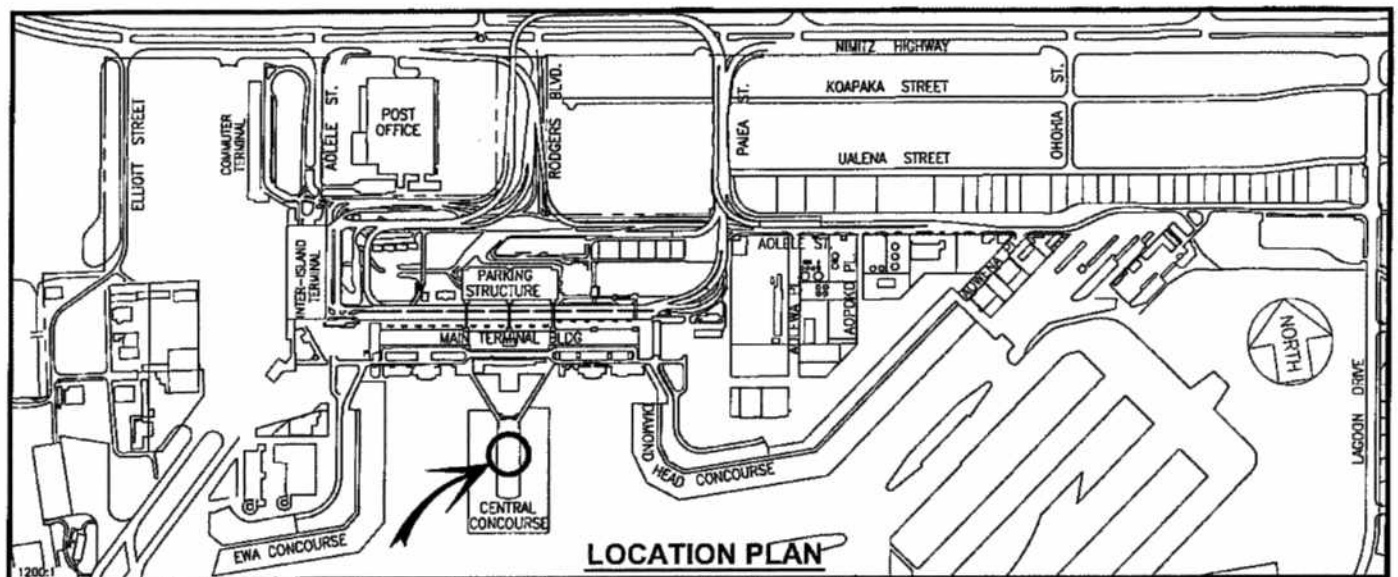
BUILDING 346
INTERNATIONAL ARRIVALS BLDG
SECOND LEVEL

346269A

PLAT A2

HONOLULU INTERNATIONAL AIRPORT

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DATE : SEPTEMBER 2008

EXHIBIT: J



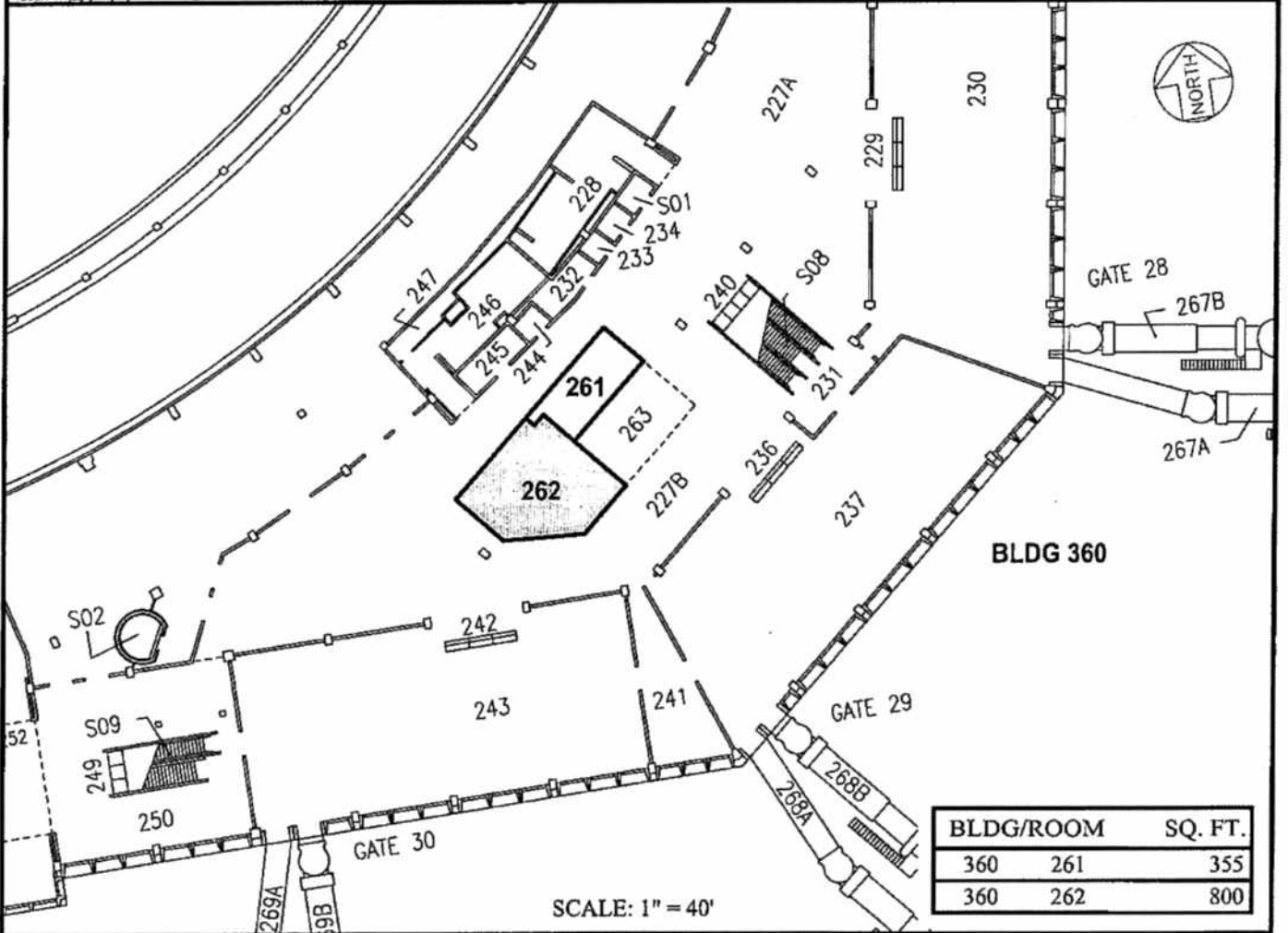
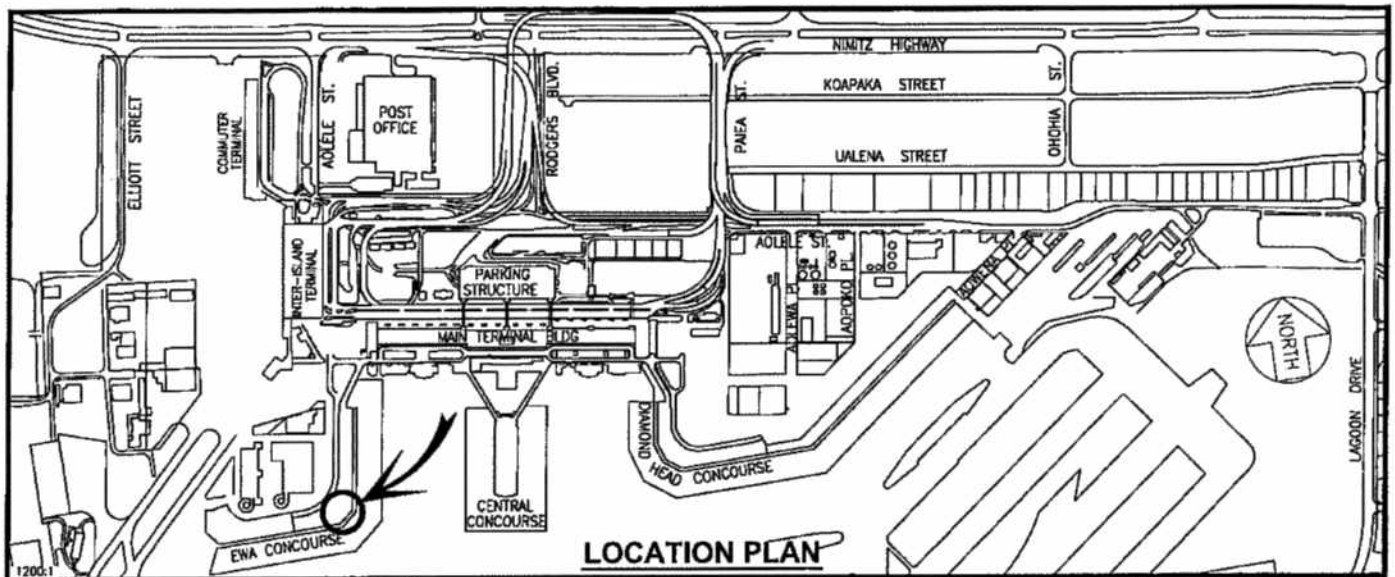
Airports Division

RETAIL CONCESSION

BUILDING 350
CENTRAL CONCOURSE
SECOND LEVEL

350217,18A
350247,48
350249A
PLAT A2

HONOLULU INTERNATIONAL AIRPORT



DATE : SEPTEMBER 2008

EXHIBIT: K



Airports Division

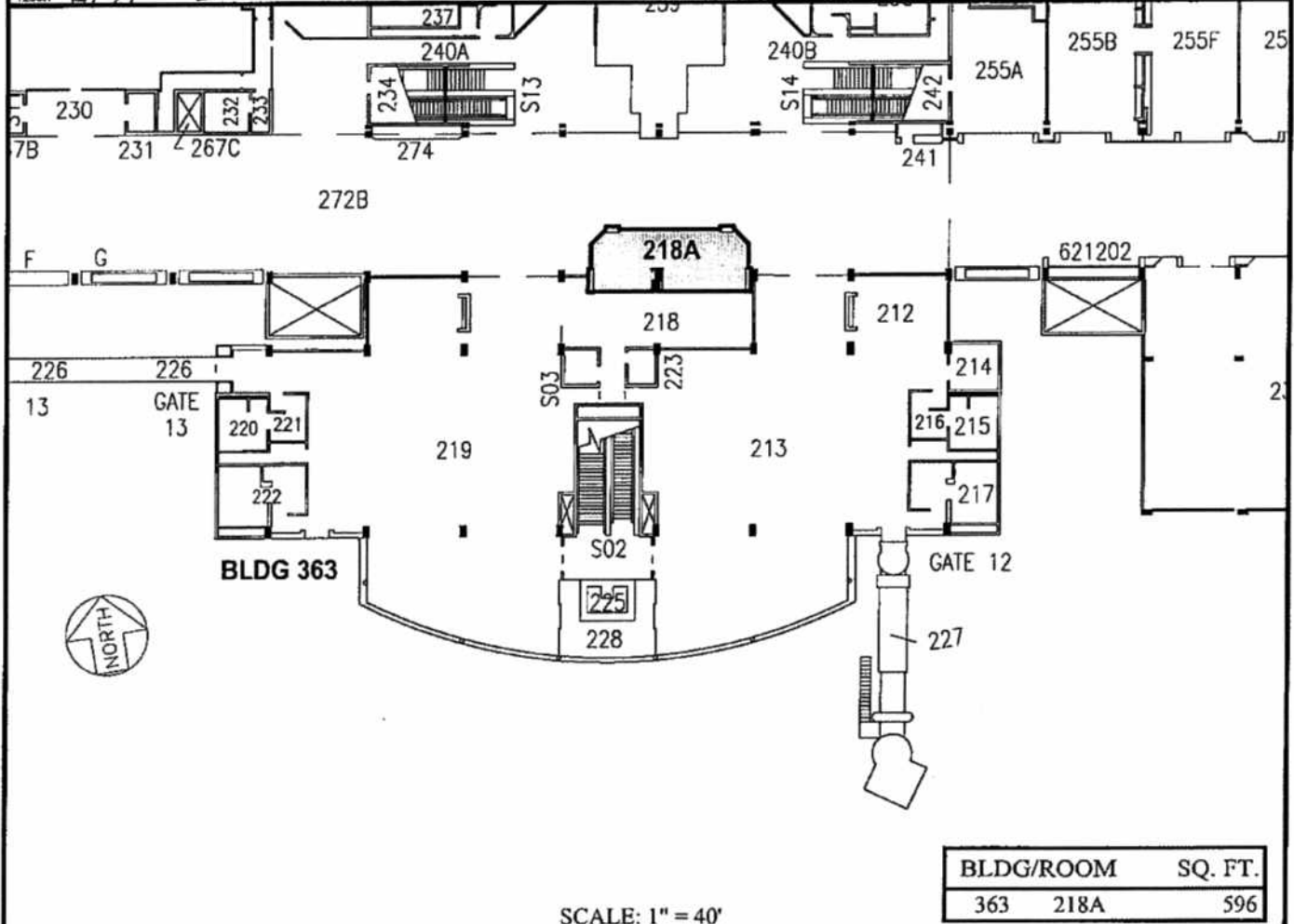
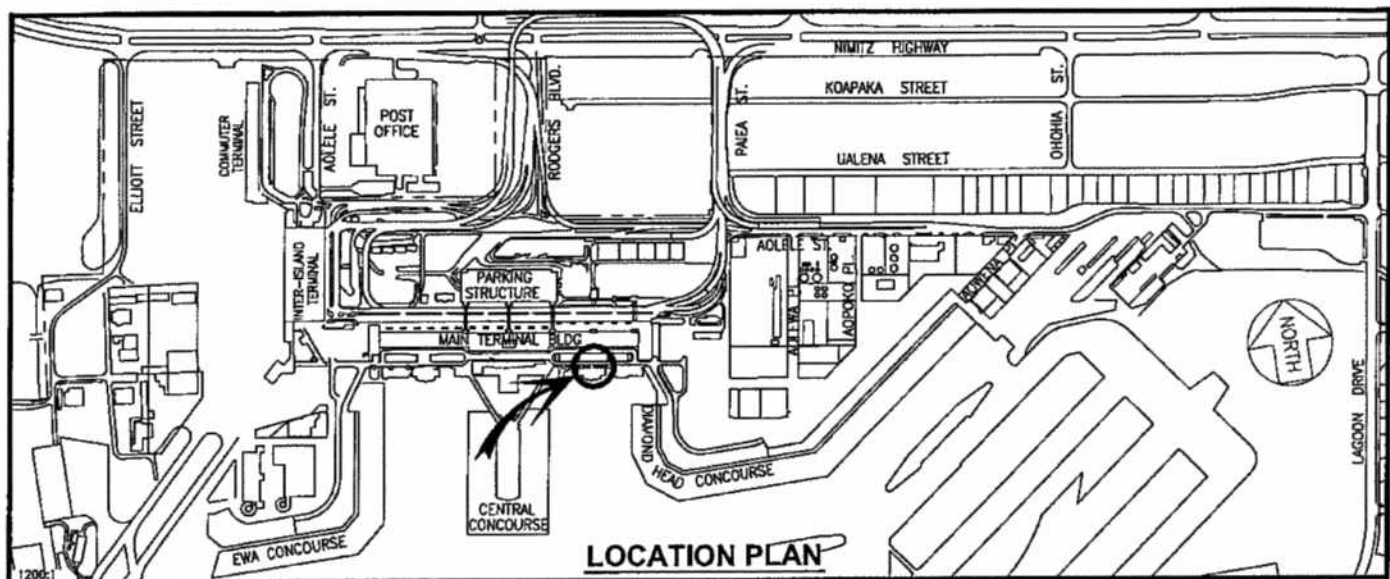
RETAIL CONCESSION

BUILDING 360
EWA CONCOURSE
SECOND LEVEL

360261
360262
PLAT F2

HONOLULU INTERNATIONAL AIRPORT

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DATE : SEPTEMBER 2008

EXHIBIT: L



Airports Division

RETAIL CONCESSION

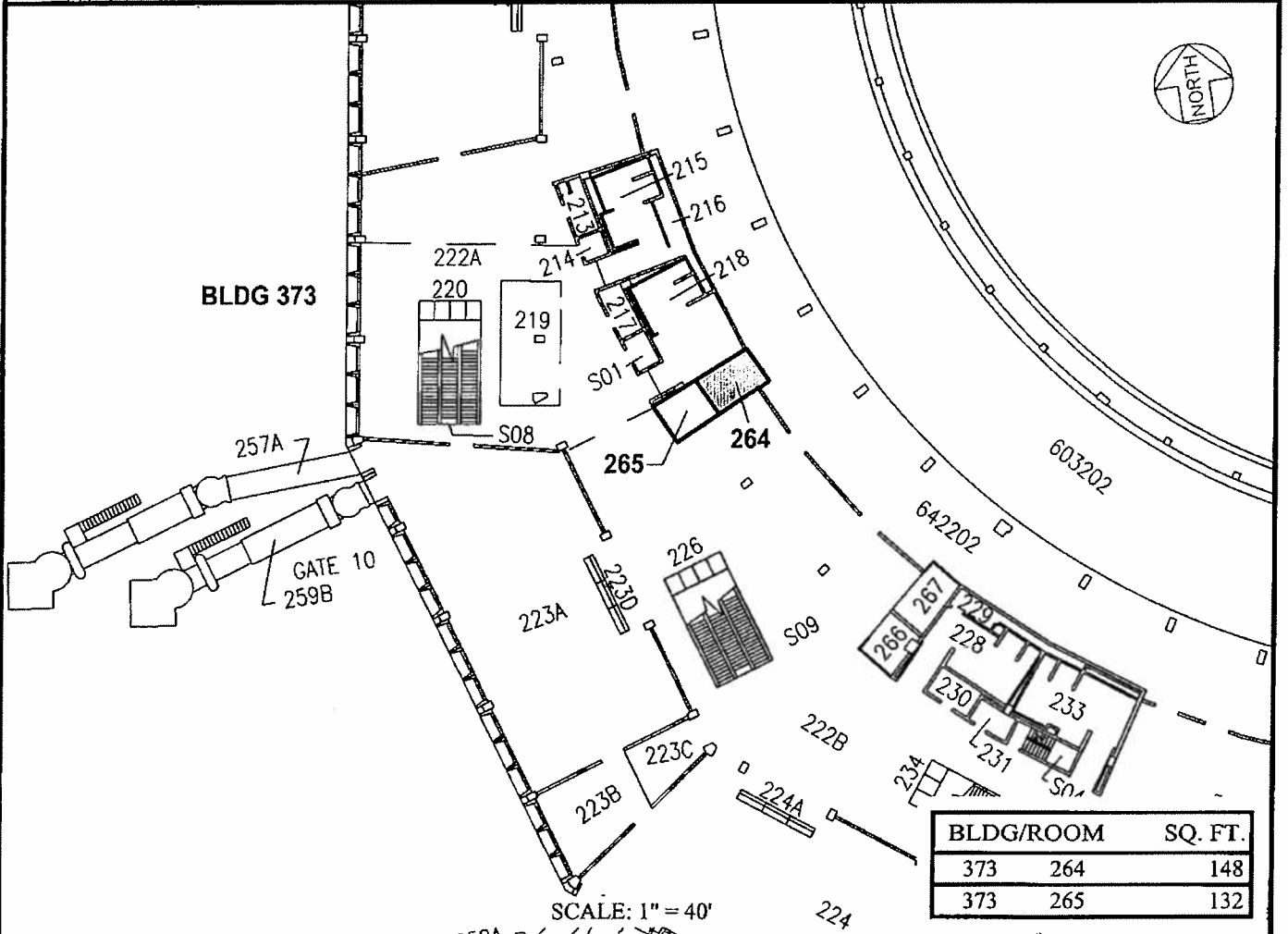
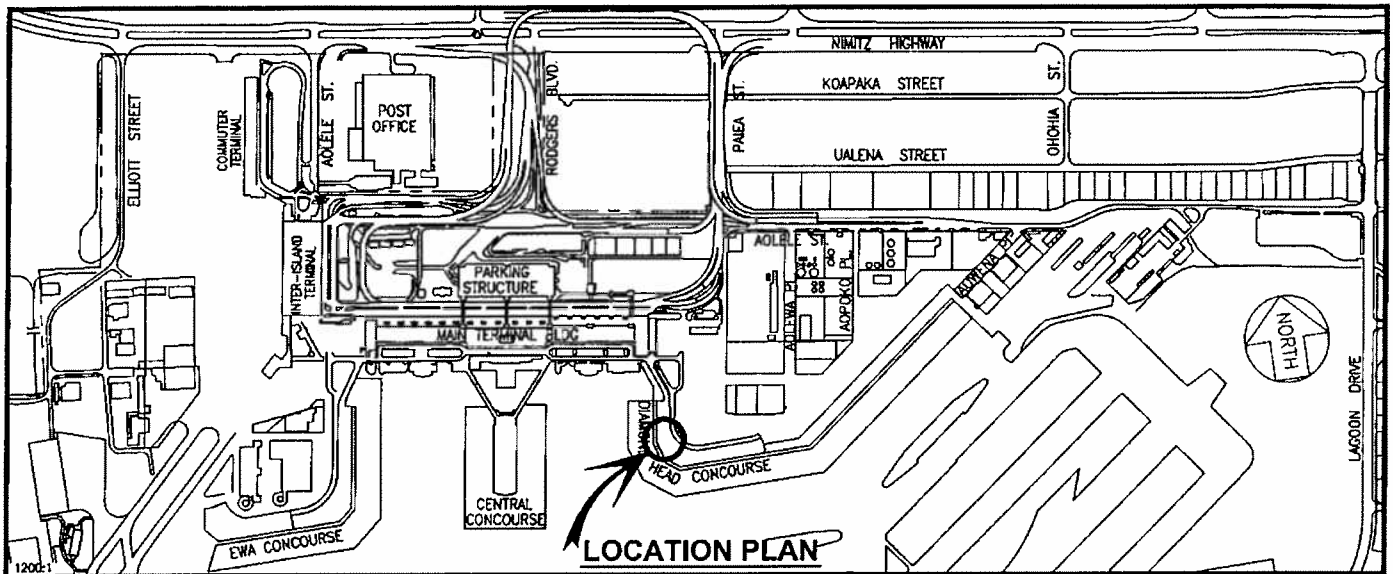
BUILDING 363
DH CONNECTING LINK
SECOND LEVEL

363218A

M2

HONOLULU INTERNATIONAL AIRPORT

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DATE : SEPTEMBER 2008

EXHIBIT: **M**



Airports Division

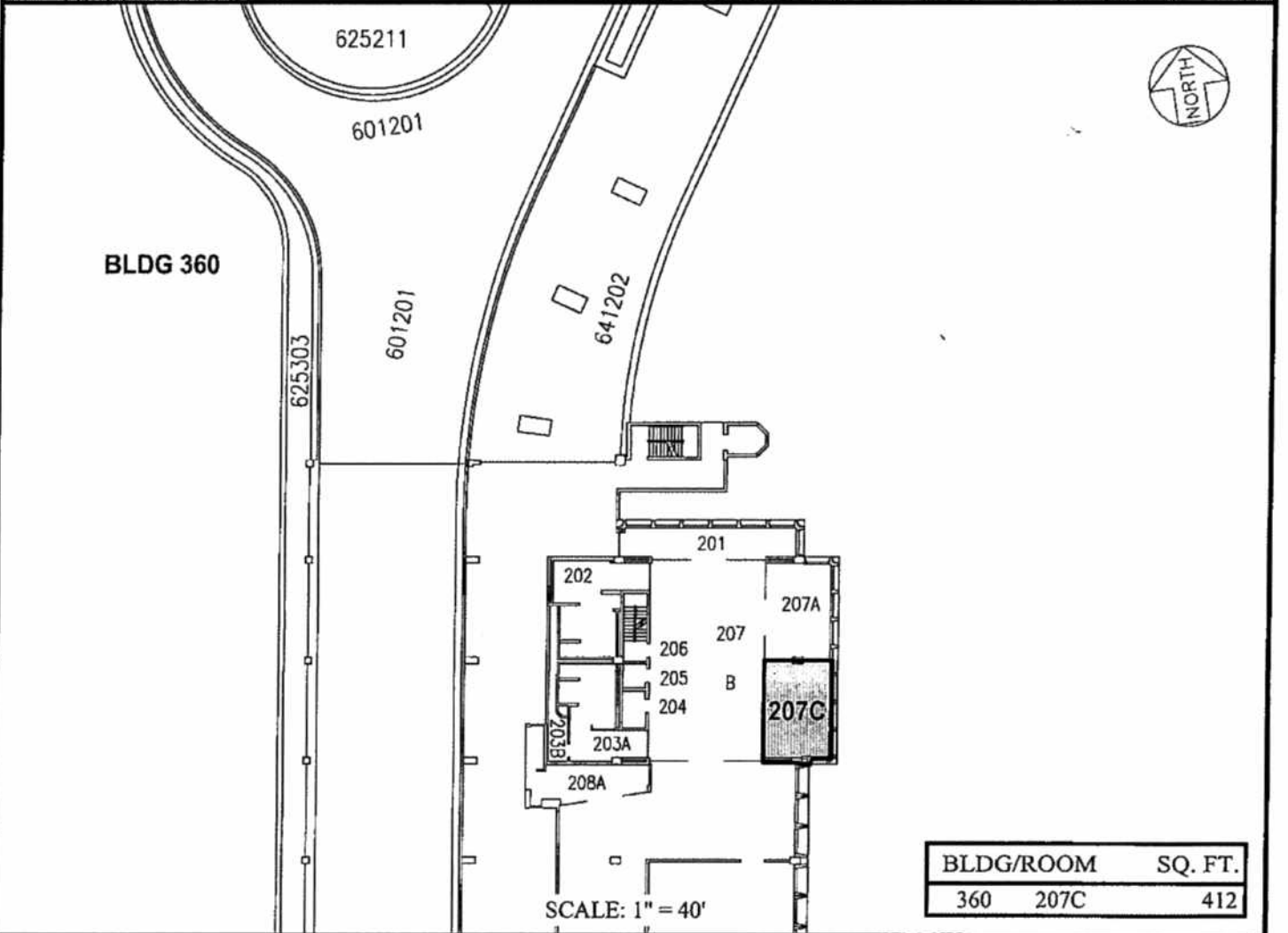
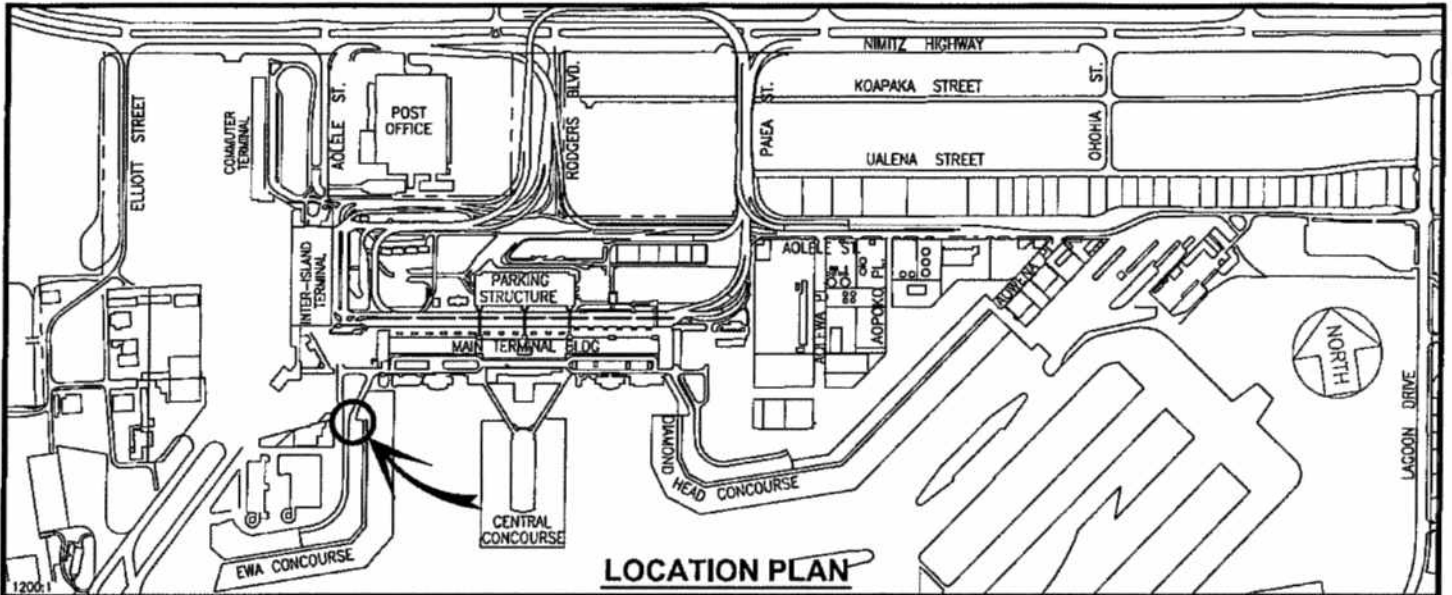
RETAIL CONCESSION

BUILDING 373
DIAMOND HEAD CONCOURSE
SECOND LEVEL

373264
373265
M2

HONOLULU INTERNATIONAL AIRPORT

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DATE : SEPTEMBER 2008

EXHIBIT: **N**



Airports Division

RETAIL CONCESSION

BUILDING 360
EWA CONCOURSE
SECOND LEVEL

360207C
PLAT F2

HONOLULU INTERNATIONAL AIRPORT

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